

CHAPTER NO. 160

SENATE BILL NO. 1826

By Ramsey, Person

Substituted for: House Bill No. 1616

By McMillan, Rinks, Godsey, Mumpower, Williams, Bone, Bowers, Lewis, Head, Sands

AN ACT To amend Tennessee Code Annotated, Title 62, Chapter 13, relative to real estate brokers.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 62, Chapter 13, is amended by adding Sections 2 through 5 as a new part thereto.

SECTION 2. As used in this chapter, unless the context otherwise requires:

(1) "Agency contract" means a valid written contract authorizing a real estate licensee to act as a party's exclusive agent for the purchase, sale, or lease of real estate;

(2) "Agency relationship" means the relationship resulting from an agency contract; and

(3) "Referral fee" means a commission or any other type of compensation for the referral of a potential buyer, seller, lessor, or lessee of real estate.

SECTION 3. Reasonable cause does not exist unless the party seeking the referral fee actually introduced the business to the real estate licensee from whom the referral fee is sought and at least one (1) of the following other conditions exists as between the party seeking the referral fee and the real estate licensee from whom the referral fee is sought:

(1) Sub-agency relationship;

(2) Contractual referral fee relationship; or

(3) Contractual cooperative brokerage relationship.

SECTION 4. (a) It is unlawful for any person or entity:

(1) To solicit or request a referral fee from a real estate licensee without reasonable cause; or

(2) To threaten to reduce or withhold employee relocation benefits or to take other action adverse to the interests of a client of a real estate licensee because of an agency relationship.

(b) Reasonable cause allows a real estate licensee to solicit or request a referral fee but does not necessarily mean that the licensee has a legal right to be paid a referral fee.

SECTION 5. It is unlawful for a real estate licensee, a relocation firm, or a firm with a corporate relocation policy or benefits, or anyone on behalf of any such licensee or firm, to counsel a client of another real estate licensee on how to terminate or amend an existing agency contract. Communicating corporate relocation policy or benefits to a transferring employee shall not be considered a violation of this part, as long as the communication does not involve advice or encouragement on how to terminate or amend an existing agency contract.

SECTION 6. This act shall take effect upon becoming a law, the public welfare requiring it.

PASSED: May 3, 1999



JOHN S. WILDER
SPEAKER OF THE SENATE



JIMMY NAIFEH, SPEAKER
HOUSE OF REPRESENTATIVES

APPROVED this 14th day of May 1999



DON SUNDQUIST, GOVERNOR